A Demand Generation Model to Stimulate Tourists' Purchase Intent in Zimbambwe

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Abstract

Zimbabwe is host to one of the natural wonders of the world; the Victoria Falls, thus tourism is one of the four pillars anchoring the revival of the economy of Zimbabwe. Tourism has played a very significant role in the development of the national economy taking advantage of its most diversified tourism resource base. Focus of this study is on Micro, Small and Medium enterprises (MSMEs) lodges in Victoria Falls. The crux of this paper is to stimulate demand for hotel services from both international and local tourists in line with social services and poverty eradication for MSME lodges, which in turn may reduce joblessness in the country's MSME lodges. Hotel services are perishable therefore inevitably lead to demand and supply challenges for managers. The study seeks to encompass demand management strategies from a marketing and economics perspective. The researchers therefore propose a demand generation model for stimulating tourist purchase intent.

Key words: Hospitality, Msmes, Victoria Falls, Demand Generation, Tourists, Lodge

Introduction

Zimbabwe is host to one of the natural wonders of the world, the Victoria Falls. Other attractions include wildlife, Lake Kariba, the Eastern Highlands, Great Zimbabwe ruins and a favourable warm climate. Tourism is a major source of foreign currency and its labour intensive nature makes a huge contribution to employment creation. As such, tourism has been identified as a key sector for the achievement of shared economic growth and poverty alleviation in Africa. Further, the World Travel & Tourism Council estimates that 3.8 million jobs (including 2.4 million indirect jobs) could be created by the tourism industry in Sub-Saharan Africa (SSA) over the next 10 years (World Bank, 2013). Tourism's main comparative advantage over other sectors by 2015 tourism was expected to contribute 15% and in the same vein Zimbabwe Tourism Authority (ZTA) expects tourism to contribute 15% to national employment by 2020 (ZTA, 2015).

Tourism is one of the four pillars anchoring the revival of the economy of Zimbabwe, and it has played a very significant role in the development of the national economy taking advantage of its most diversified tourism resource base. Focus is on MSME lodges in Victoria Falls; which is a hub for tourism in Zimbabwe as well as one of the natural wonders of the world. Victoria Falls is also considered an attraction from the Zambian side, South Africa on the other side gives and aerial view of the Victoria Falls to its visitors. This factor has contributed to the declining numbers on the demand for bed and room occupancy for lodges in the Victoria Falls. Hotel services are perishable therefore inevitably lead to demand and supply challenges for managers. This study therefore, seeks to propose a demand generation model from a marketing and economist perspective. The assumption is that an increase in demand for hotel services is tantamount to a decline in joblessness.

A report compiled by Njerekai (2014) revealed that most Small and Medium Enterprises (SMEs) in the tourism and hospitality industry were contemplating retrenchment as their businesses were underperforming. Although employees indicated that they were short staffed in many areas, industry players were

not in a position to fill up these posts as they had currently no capacity to pay the employees. The same report indicated that due to poor business, some organisations in the industry had massively retrenched and scaled down their operations. Some organisations which did not require a lot of space for their operations, especially travel agencies and tour operators were now operating from home. Other facilities especially lodges in Bulawayo had entrusted their properties into the hands of relatives who they were not paying. These organisations were not closing down in anticipation of a turnaround in the performance of the industry. Gardeners and house maids were sometimes doubling up as lodge and residential employees to lower wage bills (Njerekai, 2014).

Tourist arrivals in Zimbabwe grew by 2.6% in 2014, a growth rate which is 0.7 percentage points below the Sub Sahara growth of 3.3%. There was growth in arrivals from all of the country's major source regions except the Asia. However, Zimbabwe still receives 85% of tourist arrivals from low value markets (ZTA, 2014). Subsequently, the major obstacles to tourist arrivals in Africa are insufficient air transport, a deficiency in facilities and accommodation, perceptions, poverty, disease and conflict (Kester, 2003). Worth noting amongst the challenges faced by Zimbabwe as a tourist destination is the poor destination image (tight visa regimes especially for key markets), lack of national shared vision (e.g. silo mentality) among others (ZTA, 2014).

The 'current' statistics on lodge room and bed occupancy retrieved from www.zimbabwetourism.net show that Harare, Bulawayo, Kariba and Victoria Falls constitute the majority (72%) of all the room and bed capacity in the country making them the major regions in lodge accommodation. The average room occupancy levels for Harare fell from 52% to 44% in 2013. In Bulawayo the room occupancy fell from 49% to 36%, Kariba from 46% to 43% while in Victoria Falls room occupancy also fell from 51% to 42% (ZTA, 2013). However, despite all these economic challenges, it is the researchers' interest to prescribe demand generation strategies for SME lodges in Victoria Falls. A compilation of global competitiveness reports from 2007 to 2015, exhibits the Zimbabwean travel and tourism sector's competitiveness as unfavorable compared to its neighboring countries (South Africa and Zambia) and the

competitiveness score was well below the regional benchmark (Travel & Tourism Competitiveness Reports, 2007-2015).

Travel & Tourism (T&T) is one of the leading job creators in the world. The industry employs more than 98 million people directly, representing over 3 percent of all employment. When indirect and induced impacts are included, the industry contributes to around one in every eleven jobs worldwide. The share of world employment in Travel & Tourism is greater than that for the auto manufacturing and chemicals manufacturing industries combined, across every region of the world (Turner and Sears, 2013). It is in the researchers' interest that the proposed demand generation model may promote Zimbabwe's competitiveness which in turn may increase the rate of employment for Zimbabwean MSME lodges.

According to the South African Domestic Tourism Survey (2013) tourism encompasses the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited. A tourist is also defined as a visitor who stays at least one night in the place visited, whilst a traveller refers to any person on a trip between two or more localities in his/her country of residence. Broadly, travellers can include visitors (same-day and overnight) and other travellers such as workers paid in the country visited, migrants, refugees, diplomats and others within the usual environment (South African Domestic Tourism Survey, 2013).

From the industrial economic point of views, the tourism industry is highly affected by the market fluctuations. The problem of uncertain guest arrivals has been discussed in the yield management. Different from traditional hotel research, Chen and Chang (2012) take account of the uncertain demand as the factor of market fluctuation and find that hotels tend to expand their product variety as the uncertain demand is high (Chen and Chang, 2012a). In addition, Chen and Yeh, (2013) find that the demand uncertainty can increase the likelihood of hotel failures (Chen and Lin, 2012b). On the other hand, assuming that uncertain demand takes the form of output price uncertainty, Chen and Lin find that demand uncertainty lead to an increase in

hotel capacity (Chen and Lin, 2012c). Chen and Lin conclude that price instability decreases hotel capacity when volatile demand makes the hotel industry vulnerable to price instability (Chen and Lin, 2012d).

It has been noted that service firms operate in a more dynamic environment with a broader scope placed on revenue management and hence it has become important for these firms to have a conceptual understanding of the advanced demand of their services. This paper aims to develop a conceptual framework that would lead to a proposed demand generation model that encompasses the exogenous and endogenous factors important in facilitating demand for lodging/night spend in MSME lodges and ultimately an increase in revenue. The model will incorporate both Economics and Marketing perspectives. This model seeks to address how small hotel operators can survive and thrive in an environment characterised by big players most of whom are internationally affiliated.

Definition of MSME

According to the Small Enterprises Development Corporation (Amendment) Bill 2010 Memorandum, Amendment of section 2

of Cap.24:12 micro-enterprise, small enterprise or medium enterprise" (hereafter in this Act referred to by the acronym "MSME" or its plural "MSMEs") means a business entity, whether corporate or unincorporated, which, together with any of its branches or subsidiaries¾ (a) is managed by one person or jointly by two or more persons; and (b) carries on business predominantly in a sector or subsector of the economy specified in the first column of the Fourth Schedule; and (c) meets the criteria for classification as a micro-enterprise, small enterprise or medium enterprise specified in the second, third and fourth columns of the Fourth Schedule opposite the sector or subsector concerned (or any other criteria relating to maximum total annual turnover or maximum gross value of assets excluding immovable property as may be prescribed generally or for the purpose of any scheme); and (d) qualifies as a micro-enterprise, small enterprise or medium enterprise by application of the formula set out in the Fourth Schedule to the criteria specified in the Fourth Schedule; which is projected as table 1.1 below

Table1.1: Classification of Micro, Small and Medium Enterprises

Sector or sub-sector of economy	Size or class	Maximum number of full time paid employees	Maximum total annual turnover ($)	Maximum gross value of assets (excluding immovable property)
Tourism and Hospitality	Medium	75	1000 000	500 000
''	Small	30	500 000	250 000
''	Micro	5	30 000	10 000

Source: Small Enterprise Development Corporation (Amendment) Bill (2010)

MSMEs in Zimbabwe

The Micro Small and Medium Enterprises sector is a key component of Zimbabwe's economy which is estimated to constitute 70% of the economic activity. Micro Small Medium Enterprises (MSMEs) are found in manufacturing, retail and transport, mining, energy, transport, construction and service sectors of the economy. According to the Ministry of Finance, the sector in Zimbabwe employs more than 60% of the country's workforce and contributes about 50% of the country's Gross Domestic Product (2013 National Budget Statement). An estimated 70% of the MSMEs sector is micro and

informal, leaving 30% to be small to medium enterprises.

It is estimated that about 76% informal and 67% small and medium enterprises are owned by women. In terms of representation, several associations for instance, the Zimbabwe Cross Border Traders Association (ZCBTA), has 6000 registered members of which 72% are women. Empowerment groups represent the sector for example Affirmative Action Group (AAG), Small Enterprise Development Corporation (SEDCO) and United Indigenous Pressure Group (UIPG). The PIP Factsheet (2013) reveals that government dominates in the ownership of self-catering accommodation

(95%) and camping facilities (80%). 17. MSMEs are significant players in the tourism sector

dominating the arts and craft industry in particular.

MSME Lodges in Victoria Falls

According to the 2013 Zimbabwe Tourism Trends and Statistics Report, Harare, Bulawayo and Victoria Falls constitute the majority (72%) of all the room and bed capacity in the country making them the major regions in accommodation. There are quite are

quite a number of MSME lodge establishments in the Victoria Falls which are approximately 21 (ZTA, 2015). Table 1.1 below exhibits the names of the establishments and their physical addresses.

Table 1.2: MSMEs Lodges in Victoria Falls

LDG	Victoria Falls	Mandebele Lodge	Sikhumbuzo Phiri/Hans Jansson-546 Reynard Road, Victoria Falls
GHS	Victoria Falls	African Palace Lodge	Ke Zhao ,571 Nyathi Road Victoria Falls
SCA	Victoria Falls	Villa Victoria	Beliena Van Aarde-165 Courtney Selous Crecent ,Victoria Falls
LDG	Victoria Falls	Tokkie Lodge	224 Reynard Road Victoria Falls – M R Black
LDG	Victoria falls	Adventure Lodge	B and V Williamson954 Spencer Road Chinotimba Victoria falls
LDG	Victoria Falls	Teak Lodge	P Mugomba-581 Masuie Road, P O Box CT 241, Victoria Falls.
SCA	Victoria Falls	Zambezi Family Lodge	Mr H S Patel-202 Courtney Selous Victoria Falls
LDG	Victoria Falls	Shoestrings Lodge	12 West Drive. P O Box 44 Victoria Falls
SCA	Victoria Falls	Reynard Cottages	Stand No. 403 Reynard Rd,Box CT 241 Victoria Falls – Tecla Mugomba
LDG	Victoria Falls	Pamusha Lodge	583 Manyika Road, P. O. Box 82, Victoria Falls
LDG	Victoria Falls	Gertie`s Lodge	P O Box 66, Victoria Falls –K Janicke
LDG	Victoria Falls	Drifters Lodge	334 Wood Road Victoria Falls – A Dott
SCA	Victoria Falls	Pennywise Cottages	248 Kingsway – P O Box 49 Victoria Falls – S T Makwembere
GHS	Victoria Falls	Livingstone Lodge	Francis Grim-642 Syringa Road, Victoria Falls
GHS	Victoria Falls	Inkindaba Guest House	692 Aerodrome Victoria falls
LDG	Victoria Falls	Dimbangombe Conservancy Safaris	Huggins Matanga-P.Bag 5950,Waterford Ranch, Victoria Falls
GHS	Victoria Falls	Tatenda Safaris	541 Reynard Road, P O Box 105, Victoria Falls – Mr & Mrs Gunda
GHS	Victoria Falls	Amadeus Garden /Insight Africa	538 Reynard – P O Box CT 288 Chinotimba Victoria Falls
LDG	Victoria Falls	Gorges Lodge (Pvt) Ltd	Chisuma Village,Victoria Falls. 110A Samuel Parirenyatwa Street – P O Box 767 Bulawayo – M Butcher
LDG	Victoria Falls	Batoka Safaris-Duruchi 2	J. Gould- 644 Mahogany Street, Victoria Falls
GHS	Victoria Falls	Malcom Guest House	M. P. Jarvis-9 Malcolm Rd,Borrowdale Rd Harare

Source: ZTA (2015)

Review of Literature

Determinants of Tourism Demand

The demand by an international tourist to travel to a particular country or destination tends to depend positively on income and expenditure in the country of origin and negatively on relative tourism product prices, which are affected by travel costs (Eilat and Einav 2004). Thus, the price of tourism, the income of the country of origin, and taste formation emerge as critical determinants of

international tourism demand. International tourism demand follows the law of demand as an increase in price reduces international tourism demand. The price of tourism includes the cost of commodities consumed by tourists in the destination country and the cost of access to tourism facilities and transport cost among other variables.

Economic methods are widely used to analyze the behavioural issues such as consumption and production of goods and services. However, most of economic analyses are addressed on the demand and supply of goods, but not services. Since the hospitality industry mainly contains service issues, numerical analysis with service indexes can provide important information to management of the industrial organizations.

Revenue Management for Hotels

Revenue Management (RM) has grown from a new idea in hospitality into a core competency that is essential to any hotel's success. In recent years, the internet has made pricing transparent and social media has empowered consumers. These dynamics have resulted in Revenue Management rapidly evolving from a function of managing demand to playing a critical role in generating demand (Higbie, 2015). In the late 1980s, hoteliers began to recognize an opportunity from applying the yield management techniques that airlines had used to drive revenue gains following airline deregulation. The airlines had focused on using data and analytics to forecast demand for different fare products, then optimizing inventory availability. They developed yield management systems that maximized revenue by precisely determining how many seats on each flight to protect for late booking, high fare travellers, and how many seats to offer at discounted fares to more price sensitive leisure travellers with more flexible travel plans.

Revenue Management can leverage its demand insights to identify need dates for promotions and optimize promotional offers, packages and price points. Revenue Management functions are integrating their demand forecasting capabilities into the promotions planning process. These forecasts can quickly identify need dates and time periods for promotions to fill rooms that might otherwise go empty. Revenue Management is beginning to mine guest spending and loyalty program data to better understand guest preferences and customer lifetime value.

Furthermore, Higbie (2015) adds that understanding the preferences of loyalty program members and their responsiveness to packages and offers helps optimize packages and promotions. This analysis ranges from determining whether loyalty guests respond better to point offers vs. free night offers to measuring the likelihood that a guest who booked a suite also will purchase breakfast. These insights help structure future offers to generate the greatest lift per promotional or discount dollar spent. In addition, guest behaviour and loyalty program data provide insights into stay patterns and spending over time, which facilitates calculating customer lifetime value.

Willingness to Pay for a Product

Breidert, Hahsler and Realterer (2006) pointed out that it is important to know about a (potential) customer's willingness to pay (WTP) for a product since it plays an important role in many areas of marketing management like pricing decisions or new product development. They went further to argue that lack of understanding or knowledge of a firm's customers' WTP usually imply that firms end up pursuing a pricing strategy that is not suitably customized to their marketing environment and this also risks ignoring valuable sources for increasing profitability of the products offered. Marn *et al* (2003) and Breidert *et al.,* (2006) postulate that small changes of prices and the corresponding consumer behavior can have significant effects on revenues and profits. If firms do not consider customers' WTP then they are said to follow a pricing strategy called "intuitive pricing". Most retail and service industries are perceived to follow this strategy since mark-up pricing still represents a predominant practice (Levy *et al,* 2004).

Market Segmentation

Taylor and Francis (n.d) define market segmentation as breaking the market into different segments like geographically, psychologically, demographically and by visitor behavior. Segmentation is perceived to be an important and very useful tool in understanding what consumers desire, how they behave, what they consume and where they are from. The goal of geographical market segmentation is to understand the visitor and the question of interest is where they are from. It is an important approach to understanding demand and catering to the needs of prominent markets. Visitors can then

be divided into domestic and international markets and treated accordingly.

Psychographic and behavioral segmentation assists planners and marketers in understanding demand as it manifests in visitor expectations, lifestyles, attitudes, values, desires, activities, motives and behaviors which are all important in the hotel industry. Guests have different expectations regarding cleanliness, service quality, brand loyalty, and so on that can influence their expectations of a hotel and lodge and the way the hotel or lodge needs to be managed.

Demographic classifications are important in that they help hoteliers understand the age, gender, marital status, sexual orientation, income, family size, occupation, level of education, race and ethnicity, religion and social class of guests and potential guests. This

has a bearing on types of lodging facilities they will choose. For instance, people with low income might choose to stay at generally inexpensive lodging facilities such as motels and camp grounds while large families might be required to purchase two rooms for the night and honeymooners or older couples require quiet locations devoid of a mass party atmosphere. Certain religious adherents choose one hotel over another if a prayer room is provided or if a kitchen can cater to their unique dietary needs. Once demographic characteristics of a lodging facility's primary market(s) are known and understood, these issues can be highlighted in their promotional materials or on their websites where they might make use of terms like 'kid-friendly', "relaxing atmosphere", "vibrant night life" and "good value for money."

Travel Motives

The reasons behind undertaking a particular tourist visit is said to affect the choice of accommodation (Francis and Taylor, n.d). The primary stimuli include the need to belong, seeking self fulfilment, spiritual growth, getting away from mundane environments at home, escaping bad weather, psychological renewal and altruism which are referred to as push factors. Poor people who attend religious events for instance tend to stay in tents or pilgrim rest houses. However, there is growing demand for hotels and guest houses among the rich pilgrims. Eco-tourists or those who travel for enjoyment but also with an educational, altruistic or environmental

Demand for Accommodation in the Hotel Industry: An Economic Perspective

Whelan and Msefer (1996) define demand as the rate at which consumers want to buy a product or service. Economic theory postulates that demand consists of two parts, the taste and the ability to buy. Taste, defined as the desire for a good, determines willingness to buy a good at a specific price while the ability to buy a good at a specific price will depend on whether an individual possesses sufficient wealth or income. Both these factors help explain the shape of the demand curve and depend on the market price of the good or service. Quandt (1958) states that the consumer's demand curve for a commodity gives the quantity he will buy as a function of its price and is derived from the analysis of utility maximization. The demand

solidarity purpose often select eco-hotels that practice environmentally sensitive energy, waste management and supply chain procedures. On one hand, people whose primary desire is to get away from home, to avoid bad weather, relax, simply do nothing stay at a beach resort or take a cruise. While on the other hand business travelers typically prefer high-class, brand name hotels located either in urban areas or near airports. These few examples clearly show that there might exist a direct relationship between travel motives or type of tourism and the most common lodging choice.

curve for any good or service which represents the inverse relationship between price and quantity demanded for any product (McConnell and Bruce, 1999) stems from the law of demand. According to the law of demand (Frank, 2010), if the price increase, less of the product will be demanded because as the price continuously increases, buyers will be limited by their ability to buy despite the fact that they might be still willing to buy more. On the other hand, as the price continuously falls, its demand will increase but not infinitely because of the law of diminishing marginal returns which states that any additional unit of a product consumed will yield less and less satisfaction/utility. As a result, demand for a

product at low prices is limited by taste even when price equals zero (Whelan and Msefer, 1996). The demand curve implies that price is the only factor which affects demand, which is A number of factors have been suggested by economic theory as being the basic determinants of demand or in some texts referred to as demand shifters. These include consumers' tastes and preferences, the number of consumers in the market and consumers' expectations about future prices and incomes (McConnell and Bruce, 1999). A favorable change in consumer tastes or preferences for a product which makes the product more desirable will increase the demand of that product resulting in a rightward shift of the demand curve which implies that more is being demand at the same price. An article on Hotelmarketing.com pointed out that hotel companies should recognize that they do not serve a homogeneous group of customers with the same set of preferences for their products and services hence their decisions should address the travelers' needs. Different customer groups are perceived to value different aspects of a hotel's offerings depending on their requirements and budget.

As the number of buyers increases so does the demand for that product. For instance, an improvement of a lodging facility to cater for customers of all age and religious groups might increase the demand for those lodgings even without changing the price. If the price of a competing or substitute good increases, then the demand of a product will increase and vice versa while a fall in price of a complement good will increase demand for that product and vice versa. For instance, if the 5 star hotels reduce their prices for rooms to below market price for instance, then demand for lodgings in MSMEs might fall, *ceteris paribas*, because even the low income earners who are assumed to frequent these lodgings would then afford the 5 Star hotels. Demand can be shifted by consumer expectations about future product prices, product availability and future income. If consumers expect future prices, they might decide to buy now increasing demand for that product while any expectations of lower prices in the future will result in lower or no demand in the present as consumers save to buy in the future at lower prices.

Understanding consumer choice and behavior is also important where demand generation is concerned. In economics, a consumer is seen as rational where more and cheaper is better

a short run scenario where other factors are held constant. However, given a much longer time frame other factors come into play.

than less and expensive and it is this concept of rationality which is the departure point in the theory of consumer's behavior (Quandt, 1958). A consumer is assumed to choose among the alternatives available to him in such a way that the satisfaction derived from consuming commodities is as large as possible given the limited budget available to them (Pindyck and Rubinfeld, 1998). Analysis of consumer choice theory will help MSMEs in the hotel industry understand how the consumer makes a decision based on their preferences for service quality and pricing of hotel accommodation, whether to use established hotels or lodges and BnBs, that is, in economic terms, how they come up with the "best feasible bundle". The best feasible bundle is described as the most preferred bundle of those that are affordable.

Consumer choice theory provides the tools needed to determine how the consumer should allocate his income between two goods (Frank, 2010). How the various bundles of goods are ranked is provided in the indifference map while the budget constraint tells us which bundle is affordable. The consumer's task then will be to put the two together and choose the most preferred or best affordable bundle. The best affordable bundle according to the theory is the bundle on the budget constraint that lies on the highest attainable indifference curve and at this point no higher level of satisfaction can be achieved. At this point the marginal rate of substitution is equal to the ratio of the prices of the two goods.

The theory of rational consumer choice underlies all individual purchase decisions which in turn add up to the demand curves discussed above (Frank, 2010). Consumer choice and behavior can be described in terms of positive and normative economics (Frank 2010). Positive economics consists of studying economic phenomena only to understand those phenomena and not to make policy or any recommendations while in normative economics consumer and choice behavior are discussed in terms of describing that behavior. Normative economics forms the basis of this study since it analyses demand theory so as to provide guidance on policy decisions.

In Macroeconomics, Friedman (1957) in his book titled "A theory of the consumption function" postulates a linear relationship between consumption expenditure and income. The functional form of the consumption is presented as

$C = a + bY$

Where C is consumption expenditure, a, is autonomous consumption, b, is marginal propensity to consume and *Y is national income.*

In the equation, consumption expenditure is divided into two components, the exogenous or autonomous part, a, which captures that component of consumption which is independent of income implying that even if income is zero, consumers will still spend that much. The second component is the induced component referred to as the marginal propensity to consume, captured by b, which measures the component of an increase in income that is consumed. Hence, as income increases one expects consumption expenditure to increase.

Empirical Literature

Table 1.5: Summary of Empirical Literature

Name of author(s)	Country(is) of study	Objectives	Methodology	Findings
Srisopha, Homchan and Chariyason (2013)	Thai, Ubon Ratchothani Province	Analyses factors affecting tourists' decision of accommodation	Descriptive statistics, hypothesis testing through t-test and F-test(one way ANOVA)	Tourists mainly female, 20-25 years old, single, working in private companies, traveled by car. Marketing mix factors in terms of the four PS have overall influence on dependent variable, service significant
Cantina (2005)	Major Metropolitan Markets	Lodging demands for Urban Hotels 1989-2000 period		Measures of current income, expectations of future income, own price, price of substitutes statistically significant, relative impact of variables different for different market segments
Choochom (n.d)	Lanta Yai Island, Krabi, Thailand	Factors influencing selection of hotels/resorts by international travelers	Factor analysis with Orthogonal and VARIMAX rotation	Security and safety, value, staff service quality, location and rooms and facility quality influence hotel selection
Song *et al* (2010)	Hong Kong	Tourism demand modelling and forecasting	General to specific modelling	Tourists' income, word-of-mouth habit, persistence effect, tourism price in Hong Kong relative to the tourist country of origin determine tourist expenditure
Hi, Day and Cai (n.d)	United States	Drive tourists' lodging demand determinants for highway hotels and motels	2SLS model and descriptive statistics	Fuel price/travel cost and income most influential determinants
Qu, Xu and Tan (2002)	Hong Kong	Important factors influencing hotel room supply and demand and their overall impact on hotel industry	Simultaneous equations economic metric model	Overall goodness of fit of both models high, hotel room price and tourism arrivals significant drivers of demand, 1990-1991 recession, 1997-98 Asian financial crisis significant and negatively related to demand

Proposed Demand Generation Model

Literature from both marketing and economics perfective has shed light on possible drivers of demand for lodging by tourists. Theory from a marketing perspective, postulates that factors such as Borden's 4PS, service quality, a hotelier's understating of market segmentation, tourists' travel motives and willingness to pay all play an important role in explaining lodging choice of tourists. Worth noting is that economic theory suggests other

factors explaining demand though they overlap with the marketing concept. For instance, the concept of willingness to pay provides the basis for deriving a consumer's demand curve and has been widely used in measuring value of environmental goods like national parks. Economic theory has suggested the following to be determinants of demand for lodging by tourists, price charged by the property, prices charged by other competitor properties, expectations of future price changes, tourists' income, price of complements and substitutes as well as tourists' tastes and preferences. Most of these factors demand to a larger extent understanding the client, who in this case is the tourist. This will then aid the hotelier to come up with an appropriate pricing and marketing strategy that will help boost demand for their services.

From empirical evidence, though scarce, we get a rough idea of which factors have been tested and proved to explain demand for lodgings by tourists for different case studies. Though most of these studies do not cover Africa, the variable of interest in this case, the *Demand for lodging= f(4Ps, Service Quality, Safety and security, Price Factors, Consumer expectations, Income Factors, Hoteliers' knowledge*

tourist is the same whether visiting Africa, America or Asia and their expectations are more or less the same given that we are operating in a global village. From empirical evidence, most of the factors cited on theory have been found to be statistically significant in explaining demand for lodgings by tourists. Other factors not covered by theory include major economic events and disasters like financial crises, security and safety of the property and the word of mouth habit. In general, there seems to be consensus between theory and empirical evidence or empirical evidence, though scarce has managed to support what theory postulates to be the factors influencing demand for lodgings by tourists.

As a result, given the above analysis, the authors suggest a model which encompasses factors from both a marketing and economics perspective since both set of factors are important in the hotel industry where pricing and marketing strategies are key in attracting tourists. The functional firm of the model therefore proposed is

of tourists ' needs, consumer's tastes and preferences).

Table 1.6: Variable Description, Measurement and Expected Sign

Variable	Measurement	Expected sign
Demand for lodgings	Number of rooms sold(Cantina 2005)	Dependent variable
Product/Service	"Are you aware of the services offered by MSME lodges" Yes=1, No=0 "Are customers aware of your services" Yes=1, No=0	+ +
Promotion	WOM, Advertising, Sales Promotion	+
Service Quality	RATER model using the likert scale	+
Safety and security	'Do you value safety and security when choosing lodgings? "Yes=1 No=0	+
Price of substitutes	'Would you still choose a preferred lodge if there are other cheaper alternatives" Yes=1, No=0	_
Price of complements	"if the price of a complement to tourists' lodgings change would you change your choice of lodgings?" Yes=1 No=0	+
Expectations of future price change	'To what extent Would expectations of future price change influence your choice of accommodation? Greater extent=4 moderate extent=3 lesser extent=2 indifferent=1	+/-
Consumer taste and preference	'Do your tastes and preferences influence your choice of lodgings?' Yes=1 No=0	+
Hoteliers knowledge of tourists travel motives and willingness to pay	To what extent do expectations of future income changes influence your demand for lodgings? Greater=4 medium=3 lesser=2 indifferent =1	+
Income levels	Provide an estimate of your yearly income level approximately in US$	+

Conclusions

Given the fact that MSME lodges are operating in a harsh and volatile economic environment, the researchers saw it fit to propose the above demand generation model. This model is in line with the ZIMASSET mandate which stipulates promotion of indigenization and economic empowerment which is a part of cluster 2 of the blueprint. Knowledge of factors that stimulate demand for MSME lodges will contribute towards empowering

and facilitating the revamping of revenues generated for these establishments once the models has been tested and implemented. Subsequently, employment creation will ensue. Literature has therefore suggested that hoteliers must be wary of their customers' travels motives and willingness to pay in order for them to come up with an applicable pricing strategy.

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